

EVIDENCE GATHERED FOR THE
REPORT
of
THE ROYAL COMMISSION
APPOINTED TO INQUIRE INTO
THE FAILURE
of
ATLANTIC ACCEPTANCE CORPORATION
LIMITED

Exhibit 20018-1

From a folder containing evidence collected on Jack Tramiel.
Royal Canadian Mounted Police letter regarding Jack Tramiel on January
13, 1967.

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20018-1

TRAMIEL, Jack
20018-1

January 13, 1967.

The Royal Canadian Mounted Police,
3 Sullivan Street,
TORONTO 2B,
Ontario.

ATTENTION: Corporal D. Docker

Dear Sir:

Re: Jack Tramiel

Further to your recent inquiry about Jack Tramiel and the letter of 2 December, 1966, from the German authorities, we now set out the information requested.

Tramiel is an American citizen alleged to have been born in Lodz, Poland, on 13 December, 1927. His surname was then spelled Trzmiel and his given names were Kaufmann Idek. He has told a good many different stories about his early years, one of them being that he was a prisoner in Auschwitz from June until September 1944 and thereafter in Hanover-Alem concentration camp until April 1, 1945, at which time he was removed to Bergen-Belsen until liberated later in that month. He emigrated to the United States in 1947 and served in the American Army from 1948 until 1950 and again from 1951 until 1952.

The American authorities have some detailed information about him obtained from visa applications, Army forms, and other documents which information is rarely consistent in respect of dates and the particulars of his family. If this information is of interest to you, it could be obtained from Peter J. Adolph an Attorney with the

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January 13, 1967

Securities and Exchange Commission in Washington in the Division of Trading and Markets.

The German inquiries appear to arise in part from the assertion of Mr. Wirth that neither he nor the other directors of Hugo Oppenheim approved or were aware of the purchase of all the shares of Trans Commercial Acceptance Limited in December 1960, by Hugo Oppenheimbank, a Canadian subsidiary. Tramiel asserts very strongly indeed that his act of buying these shares had the full approval, in advance, of the German directors, and he suggests that they later took the position that they knew nothing of this because such an act was contrary to German law and they did not choose to admit to knowledge of it. Tramiel is an extremely unreliable witness but we point out the conflict which exists between his evidence and that of the German directors for what it may be worth.

Turning to the specific questions raised by the German authorities, we should observe that the facts relating to Atlantic Acceptance Corporation Limited are immensely complex and it will almost be necessary for the German authorities to await the publication of the Commissioner's report in due course before they can hope to have a grasp of the matter. We will endeavour, however, to answer briefly the questions they raise.

(1) In discussing the financial condition of Atlantic Acceptance Corporation Limited in October 1964, it is necessary to distinguish that which was reported to and was believed by the public from the true state of affairs. The annual reports and quarterly reports published by the company and certified by auditors, had shown a consistent increase in profit and the value of assets. The company appeared to the public to be a well-managed and profitable enterprise. The market price for the common shares on the Toronto Stock Exchange during the month of October 1964, varied between a high of \$20.50 and a low of \$18.00. The volume of trading during the month was a modest 13,613 shares. The company had paid dividends at an increasing rate over a period of several years.

So far as is known, no responsible financial institution in Canada or the United States entertained any doubt that this company was profitable and well-managed.

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As a result of the inquiries by this Commission, it now appears that the financial statements published by this company were false in several material particulars and that the company was insolvent as a result of a continued policy of reckless lending, unsound expansion, and fraud.

(2) Tramiel did not work at any time for Atlantic Acceptance Corporation Limited or any of its subsidiaries. He was, however, closely associated with C. Powell Morgan, the President of Atlantic, in a great many ventures. Tramiel's principal interest was Commodore Business Machines (Canada) Limited and that company had a number of directors in common with Atlantic. Tramiel contends that in purchasing the shares of Hugo Oppenheim he was acting on Morgan's direction and on his behalf and that he was not unofficially the owner of any shares but held them merely as a nominee for a company called Evermac Office Equipment Limited which, Tramiel contends, was beneficially owned by Morgan. Before his death, Morgan denied that he had or was intended to have any interest of any kind in Hugo Oppenheim.

(3) Apart from having directors in common, Atlantic was associated with Commodore Business Machines (Canada) Limited in that Atlantic loaned very large sums of money to Commodore beginning in 1959 and continuing thereafter until Atlantic's collapse in June 1965. Morgan personally had a large interest in the shares of Commodore and was instrumental in causing the market price of these shares to rise by artificial means through the agency of one Frank Kaftel, carrying on business as I.F.A.S. in Luxembourg. Kaftel's function was to promote the stock of Commodore among European buyers by means of a weekly bulletin which had wide circulation in Europe in which he inserted optimistic reports about the future of Commodore.

(4) Hugo Oppenheim in the months of March, April and May, 1965, purchased 7,000 shares of Analogue through its subsidiary Trans Commercial Acceptance. Hugo Oppenheim sent money to Trans Commercial to pay for the purchase price of these shares. Trans Commercial bought the shares from Tramiel and paid Tramiel by crediting a loan which was outstanding to Tramiel from Trans Commercial. We have not found any of these shares in the possession of Trans Commercial or anyone else. Tramiel says that he sold 4,000 shares to Trans Commercial (which is clearly untrue) and that he did not make delivery because those shares were

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January 12, 1967

pledged by Tramiel with a broker as collateral for a margin account.

(5) The claims being made against Trans Commercial aggregate approximately two and a half million dollars. About one hundred thousand dollars arose from a sale to Trans Commercial by Commodore Business Machines of certain accounts receivable which were of little value, in return for which Trans Commercial agreed to pay the indebtedness of Commodore Business Machines to Commodore Sales. This was a questionable transaction entered into for the purpose of relieving Commodore Business Machines of its obligation to pay its debts to Commodore Sales in return for the surrender of accounts receivable which were not collectible. The remainder of the debt of Trans Commercial Acceptance arose out of a transaction in December 1964 when Trans Commercial borrowed money from British Mortgage and Trust in order to invest in the securities of Commodore Business Machines.

st (6) On 29 December, 1964, Hugo Oppenheimbank (Canada) Limited received \$250,000 as a subscription for one hundred percent of its issued capital from Hugo Oppenheim. It paid \$115,000 to Associated Canadian Holdings Limited in order to purchase one hundred percent of the outstanding capital stock of Trans Commercial Acceptance Limited. The latter company also transferred to Hugo Oppenheimbank (Canada) certain securities, largely Atlantic and Commodore Business Machines, which Trans Commercial had owned in return for \$100,300, and Trans Commercial treated \$34,000 as being a loan to it from Hugo Oppenheimbank (Canada).

We stress again that the answers set out in this letter are very great oversimplifications of complex matters. It may, however, be of some assistance to you. Please do not hesitate to call upon us at any time. We informed Mr. Adolph of the Securities and Exchange Commission that you might be requesting information from him about Mr. Tramiel's background and he indicated that he would be very willing to co-operate.

Yours truly,

Counsel

AES/pj

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